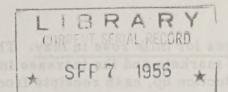
Reserve 1.941 58Ag82



FOR RELEASE
JUNE 25, A.M.
1956

## The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.

AMS

AOD-18 JUNE 1956

Farmers' prices in May had climbed an average of 9% from last December, lowest month in the decline that began in 1951.

Advance brought May index of Prices Received by Farmers up to the level of a year earlier. This was first month in almost 4 years the index was not below same month of preceding year.

Many commodities shared in the increase. Seasonal declines in marketings were mainly responsible for a sharp rise in hog prices. Heavy exports helped boost prices of soybeans and other oilseeds. Large quantities held by CCC limited market supplies and strengthened prices of grains.

Prices of poultry and eggs and dairy products declined over the 5 months, largely because of seasonally increasing marketings.

Prices paid by farmers also moved up from December to May. Sharpest gains were made by products originating on farms but prices for industrial goods were up a little. With prices paid rising more slowly than prices received, the parity ratio increased from 80 in December to 85 in May. But the ratio was still about 1% below May, 1955.

As prices rose, cash receipts from farming increased from April to May when they were 1% above a year earlier. Ten billion dollar total for first 5 months of 1956 was slightly below same months of 1955.

ECONOMIC ACTIVITY. Stability at a high level continues to characterize the economy. Production and sales in the automobile industry have fallen off. Largely as a result, industrial production in May was down slightly. But total retail sales and employment advanced from April and consumer income is continuing to climb.

Surveys of business investment plans offer an optimistic note to the outlook for the last half of 1956 and beyond. Expenditures for plant and equipment the last half of this year are expected to be up from the high rate of the first half. Surveys also indicate that business investment will continue high through 1959.

LIVESTOCK. About the usual seasonal changes are in prospect for meat animals this summer. Some increase in prices of fed cattle is likely as marketing fall off. Sales of cattle and calves off grass will increase seasonally and prices will decline.

The seasonal low in hog slaughter is expected about mid-year. Marketings are likely to be down to...and prices up to...year ago levels in July or August.

DAIRY PRODUCTS. Farmers prices for milk rose in May. This reflects higher prices for fluid use in a number of markets and the increase in the support level for manufacturing milk. With production up, cash receipts from dairying have been running well above a year earlier.

POULTRY AND EGGS. Egg prices in early June reached the lowest level of 1956 but stayed above a year earlier. With a seasonal rise under way, prices are likely to remain above 1955 levels until late summer or early fall.

Broiler marketings this summer will stay far above a year earlier. But demand is likely to pick up seasonally and prices of red meats will rise.

OILSEEDS. Flaxseed prices dropped about 12 percent from mid-May to mid-June. World supplies in 1956-57 year, which begins July 1, are expected to be up sharply over the low level of the current season.

Soybean prices have fluctuated widely the last 2 months and in mid-June averaged moderately below mid-May. Prices are about a fourth above a year earlier.

FEEDS. The seasonal decline in oats and barley prices is expected to be much less than last year because of the increase in price supports. Prices of feed grains and most high protein feeds have been generally steady in recent weeks.

WHEAT. Large quantities of wheat moved out in May and June, bringing total exports for 1954-55 to an estimated 330 million bushels. This is 55 million above last year and the largest since 1951-52. With domestic use estimated at 610 million bushels, the carryover July 1 is expected to total about 1,030 million, about the same as a year earlier.

A wheat crop of 923 million bushels is estimated for 1956 on the basis of June 1 conditions. This is 15 million below a year earlier. The winter crop is down about 35 million bushels but spring production is up about 20 million. Wheat prices are declining seasonally.

FRUIT. Market supplies of peaches, plums and California sweet cherries in late June and July are expected to be larger than a year earlier and supplies of apricots smaller.

VEGETABLES. Though declining seasonally, prices of early summer vegetables are expected to average at least up to 1955 levels. June 1 estimates indicate about the same total tonnage as last year. Celery and tomato production is expected to be up considerably, and cucumbers slightly. Reductions are in prospect for snap beans, cabbage, carrots, sweet corn, onions and green peppers.

Potato production this summer will be down materially from a year ago unless shipments from late States are considerably heavier. This indicates substantially higher prices than last year.

COTTON. Exports during March topped every other month of 1955-56 but remained below a year earlier. The total for August 1955-April 1956 was 1,498,000 bales compared with 2,876,000 in the same period last season.

Stocks of broad woven goods at cotton mills have increased in relation to unfilled orders the last 2 months. This probably indicates some decline in the rate of cotton consumption in the third quarter.

TOBACCO. About the same quantity of cigarette tobaccos are being used in the U.S. as in 1954-55. Exports of flue-cured are up about a fifth...those of Maryland also are higher. On the other hand, less burley is moving abroad than last year.